

Geophonic Networks, Inc.

P.O. Box 580
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October 17, 2003

BY OVERNIGHT MAIL

*Re: In the Matter of the Provision of Basic Generation Service ('BGS') Pursuant
to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-57
Docket No. EX 01110754*

Jeanne M. Fox
President
Board of Public Utilities
State of New Jersey
Two Gateway Center
Newark, NJ 07102

Dear President Fox:

As you know from previous correspondence, Geophonic Networks, Inc. ("Geophonic") is the holder of U.S. Patent No. 6,047,274 issued April 4, 2000. This patent applies to energy auctions such as the first BGS auction held in February 2002, the second set of BGS auctions held in February 2003, and the third set of BGS auctions proposed to be held in February 2004 (for which the BPU has now scheduled an authorization vote at its public meeting on October 22, 2003).

On July 22, 2003, the United States Patent & Trademark Office (the "USPTO") granted Geophonic a new patent - U.S. Patent No. 6,598,029 B1 with 113 new claims (attached). This new patent adds scope and strength to the applicability of the earlier patent.

Geophonic continues to be willing to provide a license to the BPU and/or any or all of the four participating EDCs, at a reasonable royalty rate, for the use of Geophonic's patented energy auction process in BPU-approved BGS auctions.

We will be happy to answer any questions the Board or staff may have regarding Geophonic's license proposal.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack J. Johnson", with a long horizontal flourish extending to the right.

Jack J. Johnson
President

Attachment

cc: Frederick F. Butler, BPU Commissioner
Carol J. Murphy, BPU Commissioner
Connie O. Hughes, BPU Commissioner
Jack Alter, BPU Commissioner
Nusha Wyner, Director – Division of Energy
Irah H. Donner, Esq. (EDC outside counsel)